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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

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92-266

IN REPLY REFER TO:

8310-MEA
CN9300143

Honorable Paul Simon
United States Senate
462 Dirksen Senate Office Building
Washington, DC 20510

Dear Senator Simon:

Thank you for your letter on behalf of Howard W. Meagle, Jr., Vice President and General Manager, KFVS(TV), Cape Girardeau, Missouri. He states that many cable television subscribers in his area object to rate increases by local cable television operators.

The Commission has a clear understanding that Congress adopted the Cable Act of 1992 to constrain unreasonable cable rates. The Commission is in the process of formulating rules implementing the rate provisions of the law and is seeking public comment on those provisions that address rate rollbacks, refunds, and evasions of statutory requirements. The Commission will attempt to implement these provisions faithfully, and will consider the conduct of the cable industry during the interim period in deciding what kind of regulation is needed.

Your constituent's letter will be placed in the record of this proceeding so that the Commission can be mindful of his concerns during its deliberations. I trust that the foregoing and the enclosures are informative.

Sincerely,



Roy J. Stewart
Chief, Mass Media Bureau

Enclosures

PAUL SIMON
ILLINOIS

*MMB
catv-rates
143*

United States Senate

WASHINGTON, D.C. 20510

COMMITTEES:
LABOR AND HUMAN RESOURCES
JUDICIARY
FOREIGN RELATIONS
BUDGET
INDIAN AFFAIRS

January 12, 1993

Federal Communications Commission
Kathie Kneff
2025 M Street, NW
Washington, D.C. 20554

Dear Ms. Kneff:

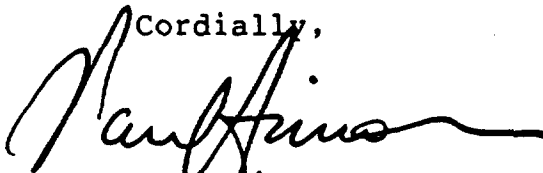
I am writing on behalf of Howard W. Meagle who has written expressing concern over actions taken by local cable systems. For a more detailed explanation, please see the enclosed letter.

I would appreciate your looking into this matter and responding to Mr. Howard W. Meagle. In addition, please be sure to send a copy of your response to the attention of my staff assistant, Tricia Haneghan.

Thank you for your attention to this matter. Please let me know if there is anything I can do to help resolve this situation.

My best wishes.

Cordially,



Paul Simon
U. S. Senator

PS/tlh
Enclosure



THE HEARTLAND'S NEWS CHANNEL

HOWARD W. MEAGLE, JR.
VICE PRESIDENT/GENERAL MANAGER

December 9, 1992

The Honorable Paul Simon
United States Senate
Washington, DC 20515

Dear Senator Simon,

In the oft chance you or your staff may not have heard about recent actions by some area cables systems, I have enclosed a couple of articles for your files. Our cable colleagues have been very busy around the Heartland.

We are beginning to hear similar complaints from other communities around the Heartland. It appears that some operators have little or no regard for the message delivered in the Cable Bill.

By the way, KFVS has had no conversations with any cable system whatsoever regarding "must carry/retransmission consent.

Best wishes for a Happy Holiday,

A handwritten signature in dark ink, appearing to read "Howard W. Meagle, Jr.", written in a cursive style.

Council seeks more information on upcoming cable rate-hike

By TODD WILSON
Standard-Democrat city editor

SIKESTON — During an hour-long testimony Wednesday in front of the Sikeston City Council, Falcon Cable TV general manager Larry Spangler offered details surrounding the company's Jan. 1 rate increase for city customers.

Spangler brought with him an array of charts, graphs and diagrams, along with Chief Engineer Kevin Goetz and Judy Morrow, office manager, but the information provided received little sympathy from council members.

Cable rates for Sikeston subscribers will increase \$2.23 on Jan. 1, making the total cost for a Sikeston household with one outlet and no premium channels \$22.73 monthly.

"We're showing a net operating loss for servicing Sikeston," Spangler said in his opening remarks. "I know people have a hard time believing that a cable company could operate at a loss here, but we do."

Spangler also said that Sikeston customers were fortunate to see improvements to their cable system

over the past decade, pointing out that when cable first was offered to Sikeston, only 10 basic channels and one premium network was offered to subscribers.

Currently, 28 basic channels and five premium channels are available, but Spangler said no additional service would be added with the upcoming price increase.

In 1978, the price breakdown for cable service in Sikeston equaled 70 cents per channel, while today, the breakdown is 73 cents per channel.

"We're not selling the same gallon of milk that inflation acted upon over the years," Spangler said.

Spangler also presented figures for the Sikeston region that showed a net operating loss of \$668,173. The Sikeston region, however, covers approximately 25,000 subscribers and a coverage area ranging from Perryville to Dexter to Marston.

Spangler had no figures that singled out anything concerning Sikeston's 5,174 subscribers.

Spangler said one reason the rates are going up is because "some rural areas are getting cable that wouldn't normally have it." This response did

not convince Councilman Josh Bill that a local rate hike was justified.

"We are asked to share the burden of other communities' losses, according to these figures," Bill said. "Could we see a breakdown of Sikeston's local figures, so that we could better understand this rate increase?"

Spangler said he "would look into it," and agreed to appear before the council during its regular monthly meeting on Dec. 7 to explain the rate hike to the television audience.

Last week, Falcon mailed out a seven-page informational packet to Sikeston subscribers that offered general information concerning where subscription dollars go. Spangler's signature appeared at the end of the newsletter, but he said it was a general mailout with the name of different regions substituted in the appropriate place. He said he did not write the document.

"This (newsletter) was very confusing and I'm glad that you didn't write it because you would've done a better job," Bill said. "I found very little that made sense and explained

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Cable alternative

Scott City Council seeking proposals for service after hearing complaints

By Cathryn Maya
Staff Writer

SCOTT CITY — The Scott City Council is actively seeking an alternate cable television system to bring down prices and improve service for the city's residents.

At its regular meeting Monday night, the council discussed revamping the city's current cable arrangement for the second time in two meetings.

"We're slowly advancing," said Councilman Ron Oller, vice chairman of the city's cable television committee. "We're looking at all of our options."

Scott City, Sikeston, Chaffee, Oran and several other cities in the region are currently being serviced by Falcon Cable Television, headquartered in Sikeston.

But Scott City residents have complained of poor service, lousy reception and rising monthly rates.

The council is awaiting a demonstration tape from a cable company in Paragould, Ark., a city

of 11,000 people that has two competing cable companies and some of the lowest rates in the region, officials said.

Paragould offers its residents basic cable for \$9.50 a month; extended basic for \$12.50 - about half the rate Falcon charges.

"The mayor of Paragould has the whole works - Showtime and everything - and he's only paying about \$36 a month," said Scott City Mayor Larry Forhan.

At the Nov. 16 meeting, the council voted to extend the city's contract with Falcon until the end of December. Council members said they had no choice in the matter. Refusal to pass the bill would have resulted in the immediate discontinuation of cable service to the area, city officials said.

On Monday night, the council voted to petition the Federal Communications Commission for permission to serve as the area's cable television regulatory authority. Falcon is currently operating under no local regulatory commission.

In other business, the council has abandoned plans to move ahead with construction of a practice firing range for the city police, since nearby land has been purchased by Jeff Russell.

Police are looking for another location for a firing range.

Scott City Fire Chief Les Crump is expected to present his department's recommendations on bids for the new fire truck at the Dec. 21 council meeting.

Crump was handed the proposals at the Nov. 16 meeting, and has spent the last few weeks studying them, deciding on what he considers best for the fire department and most affordable for the city.

Scott City is still awaiting the return of the 911 emergency service contract from the town of Kelso. Scott City needs the completed contract before it can move ahead in establishing service for the area, officials said.

Kelso has not yet issued new 911-compatible addresses to its residents; Scott City is putting the final touches on its preparation efforts.

Chaffee

City looks at taking over cable

By David Hente
Staff Writer

CHAFFEE — The city of Chaffee wants to find out if it can operate its own cable television system when the city's current franchise with Falcon Cable TV Co. of Sikeston expires next March.

Falcon wants a 15-year, renewable franchise, along with an option to renew for another 10 years.

But when the company announced last month that it plans to raise basic monthly cable rates by more than \$2 in January, Chaffee Mayor Ron Moyers decided it was time for action.

Cable subscribers also will be required to pay more each month for extra cable outlets in their homes. There currently are 822 subscribers in Chaffee.

Moyers appointed a seven-

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member cable TV committee comprised of himself, two city aldermen, and two citizens. The committee's mission is to explore various options for operation of the cable TV franchise.

Options include a city-operated system, renewal of Falcon's franchise with certain changes, and consideration of what other cities with Falcon franchises are doing.

Three members of the committee will go to Paragould, Ark. later this month to meet with city officials there to learn more about its municipally-operated cable TV service. The city-operated cable system competes with a privately owned cable TV firm.

Alderman Jerry Woolsey, a member of the committee, is upset because the rate increase came a short time after Congress overrode a presidential veto of the cable TV re-regulation bill.

"We're also unhappy with the quality of the service on some of the channels and poor reception on the cable," Woolsey said. "Sometimes it takes over 48 hours to get a technician in Chaffee to answer a complaint and trouble calls."

Woolsey said that after Falcon's manager, Larry Spangler, met with the board of aldermen and a group of concerned citizens in August to hear complaints about the quality of cable service, the situation improved.

The alderman said Spangler explained that one of the problems was that the telephone number to report trouble or service complaints was listed incorrectly in the city's directory.

Spangler also said Falcon isn't the only cable company that will increase rates next month. TCI Cablevision, which serves Cape Girardeau, will raise its rates in March, and Comcast, Time-Warner and the majority of other major cable systems also are planning rate increases early next year.

Alderman Bill Cannon, who will accompany the group to Paragould, said customers wouldn't mind paying higher rates if Falcon was willing to reinvest the money they make in Chaffee to install newer, state-of-the-art equipment that would improve cable service.

"The manager told me during the August meeting that the microwave relay equipment to pick up the distant signals was 15 years old," Cannon said. "I'm sure that better

the problems at the head end have been corrected and that we do have state-of-the-art equipment in the Chaffee system," he said.

Spangler said there are other reception problems that sometimes occur on the system over which he has no control.

"Around the World Series, someone shot out our cable. Before we could find the break and repair the cable, it rained, and water got into the cable. We had to replace 500-600 feet of new cable," he said.

Spangler said the most frequent problem that causes a disruption in service is power failure at the cable system's head-end and tower site, situated about five miles south of Chaffee.

"We're at the end of a (power line)," he said. "Of all of the 17 head-end sites we operate in this area, the Chaffee location has more power failures than any other."

Spangler said cable customers also can experience poor reception problems due to weather conditions that affect the company's microwave relay from Perryville to Chaffee. The microwave system relays the off-air signals from St. Louis television stations KPLR, Channel 11, and KETC, Channel 9. It also picks up WSIL, Channel 3, at Carterville, Ill.

He said rain, fog, lightning, even snow can affect the microwave relay. "I wish we had the same microwave relay system the telephone company uses," he said. "It operates at a different frequency that is not affected by weather conditions," Spangler said.

"But the FCC allows us to use one microwave frequency, and, unfortunately, it is affected at times by bad weather."

Spangler said for each TV channel on the Chaffee cable system, there are three separate pieces of electronic equipment at the head-end site. If any one of the three pieces of equipment fails, it knocks out that particular channel, and must be replaced at the head end, Spangler said.

"Keeping a cable system in operation is a major operation," said Spangler. "Sometimes we can correct the problem right away. But when the weather turns bad, or someone with a gun decides to take shots at our cable, there's not much we can do until it happens."

Council • From Page 1

concerns about some of the wording in Bill 5 proclamation and the timeliness with which he presented it. Bill delivered the proclamation to other members of the council and the city manager only minutes before the meeting convened.

"Obviously, nobody on the council is excited about an 11 percent increase in any bill, but we can't vote on something concerning cable TV with only 15 minutes notice," Councilman Chuck Leible said.

"I have a little bit of concern with some of the language," Mayor Terry Bryant said. Bryant encouraged the council to table the resolution until the next regular meeting, which is set for 9 a.m. on Dec. 16. The vote

went 5-0 in favor of tabling the resolution.

"I'm disturbed that Mr. Spangler is not here," Councilman Marion Thompson said. "I think this shows their company is not willing to cooperate with the city."

Councilman Mark Moll said, "I have a problem with some of the language, but I approve of a resolution being sent to the company. What is happening here is not something to me. It's a problem of where."

City Manager Steve Bergsmiller said, "Mr. Spangler contacted me this morning and said he would not be here and he did not give a reason."